

AASFAA Spring Symposium 2010

Show What You Know — the Policy Game

1. Recent legislation affecting the federal student aid programs includes ...
 - A) Helping Even the Odd Applicants (HEOA)
 - B) Happy Elephants are Our Allies (HEOA)
 - C) How to Educate Our Apprentices (HEOA)
 - D) Higher Education Opportunity Act (HEOA)

2. An award year begins on _____ and ends on _____.
 - A) January 1; December 31
 - B) March 1; February 28 (February 29 for leap years)
 - C) July 1; June 30
 - D) October 1; September 30

3. Under the Master Calendar, after final rules are published by November 1 in the *Federal Register*, the effective date for the final rules is the following _____.
 - A) June 1
 - B) July 1
 - C) November 1
 - D) December 1

4. A veteran determined by Veterans Affairs to be “unemployable due to a service-connected condition” is considered totally and permanently disabled for the purpose of discharging _____.
 - A) A FFELP loan
 - B) A Direct loan
 - C) A TEACH grant service obligation
 - D) A Perkins loan
 - E) Any of the above

5. The HEOA revised the cohort default rate (CDR) calculation by expanding the “window” of repayment from two to three years, beginning with the _____.
 - A) FY 2008 cohort
 - B) FY 2009 cohort
 - C) FY 2010 cohort
 - D) FY 2012 cohort

6. True or false: On December 14, 2009, ED posted trial, three-year CDRs to assist schools in preparing for the transition to the three-year CDR provisions, stipulating that no benefits or sanctions would apply to these trial rates.
 - A) True
 - B) False

7. Currently the threshold to benefit from a low CDR, such as exemption from the multiple disbursement requirement, is ___; this will increase to ___ for FFELP and Direct loans with first disbursements on or after October 1, 2011.
- A) 2%; 5%
 - B) 5%; 10%
 - C) 10%; 15%
 - D) 15%; 20%
8. True or false: The program participation agreement directs all schools that participate in a Title IV loan program to develop, publish, administer, and enforce a code of conduct.
- A) True
 - B) False
9. The HEOA — and subsequent final rules — require schools to disclose ...
- A) Vaccinations Policy, effective August 14, 2008
 - B) Private Education Loan Self-Certification Form, effective February 14, 2010
 - C) The Kitchen Sink, clogged since April 1, 1901
 - D) Textbook Information, effective July 1, 2010
 - E) All of the above, except the kitchen sink
10. Effective February 14, 2010, a school is required, upon request by an admitted or enrolled student (or upon the request of a parent loan applicant), to provide the Private Education Loan Self-Certification form ...
- A) In written or electronic format
 - B) Including the student's cost of attendance
 - C) Including the student's estimated financial assistance
 - D) All of the above
 - E) None of the above
11. Under Federal Reserve Board regulations, a school must provide the Self-Certification form, and the information to complete it, to students or parents for whom it makes ...
- A) Loans under Title VII or Title VIII of the Public Service Health Act
 - B) Perkins loans
 - C) Institutional loans
 - D) A and C
 - E) All of the above

12. Under the new section of federal regulations, 34 CFR 601, which establishes disclosure and reporting requirements for schools and lenders that provide, issue, recommend, promote, endorse, or provide information relating to education loans, an education loan is defined as ...
- A) A FFELP loan
 - B) A Direct loan
 - C) A private education loan, such as a non-Title IV loan issued expressly, in whole or part, for postsecondary education expenses
 - D) A private education loan, such as non-Title IV loan issued to consolidate a consumer's pre-existing private education loans
 - E) All of the above
13. True or false: The HEOA provides a safe harbor for any creditor that elects to use a model form promulgated by the Federal Reserve Board that accurately reflects the terms of the creditor's loans.
- A) True
 - B) False
14. True or false: A preferred lender arrangement may exist even without a formal agreement between a school and a lender.
- A) True
 - B) False
15. True or false: Under certain conditions, a private education loan lender may provide entrance and exit counseling.
- A) True
 - B) False
16. Schools must make a net price calculator available no later than ...
- A) August 14, 2008
 - B) July 1, 2010
 - C) July 1, 2011
 - D) October 29, 2011
17. True or false: Graduate and professional schools are not subject to the HEOA net price calculator requirement.
- A) True
 - B) False

18. True or false: FAFSA applicants who use ED's new IRS data retrieval process are not subject to verification.
- A) True
 - B) False
19. Since July 1, 2009, to be eligible for a second Pell Grant Scheduled Award within one award year, an otherwise eligible student must
- A) Be enrolled at any enrollment status
 - B) Be enrolled at least half time
 - C) Have received 100% of his first Scheduled Award
 - D) A and C
 - E) B and C
20. Beginning with the 2010-11 award year, an eligible student must also demonstrate academic year acceleration, which means the student must
- A) Be enrolled in an accelerated program, such as a 3-year bachelor's degree
 - B) Run to each class
 - C) Be enrolled in at least one credit or clock hour attributable to his second academic year within that award year
 - D) None of the above
21. Effective July 1, 2010, a borrower may demonstrate a Partial Financial Hardship and qualify for the Income Based Repayment plan (IBR) by using
- A) The outstanding balance at the time the borrower initially entered repayment
 - B) The outstanding balance at the time the borrower requests IBR
 - C) Either A or B, whichever is greater
 - D) None of the above
22. After a student is packaged with Title IV aid, the school is notified that he has received a post 9/11 VA benefit, how should his aid be adjusted?
- A) Reduce his Pell Grant
 - B) Reduce his unsubsidized Stafford first, then his subsidized Stafford
 - C) Reduce his cost of attendance by the benefit amount, then repackage
 - D) Do nothing, veterans educational benefits are not EFA
23. True or false: The Yellow Ribbon Program allows U.S. degree-granting institutions to fund (in the form of an institutional loan) up to 50% of tuition expenses that exceed the highest, public, in-state, undergraduate tuition rate.
- A) True
 - B) False

24. True or false: Beginning with the 2009-2010 award year, an otherwise Pell-eligible student whose parent or guardian was a member of the Armed Forces and died as a result of performing military service in Iraq or Afghanistan after September 11, 2001, and was less than 24 years of age or was enrolled in college at the time of the parent or guardian's death is awarded all Title IV aid based on a zero EFC, without regard to the student's calculated EFC.
- A) True
 - B) False
25. Beginning with the 2010-2011 award year, a student in the same situation as stated in the previous question but who lacks a Pell-eligible EFC, is awarded ...
- A) all Title IV aid based on the student's calculated EFC
 - B) all Title IV aid based on a zero EFC, without regard to the student's calculated EFC
 - C) a new Iraq and Afghanistan Service Grant in an amount equal to the maximum Pell Grant
 - D) A and C
 - E) B and C
26. True or false: A parent PLUS loan cannot be repaid under IBR; however, these loans may be consolidated into a Direct Consolidation loan, which may be repaid under ICR; thus, the parent PLUS borrower may also be eligible for, and benefit from, the Public Service Loan Forgiveness program.
- A) True
 - B) False
27. ED's DCLs that are designated to disseminate information about training opportunities begin with the prefix ...
- A) ANN
 - B) CB
 - C) GEN
 - D) Any of the above
28. True or false: Since the reconciliation bill (HCERA, or H.R. 4872) has been signed into law, a FFELP loan that is first disbursed *before* July 1, 2010, is permissible; however, if a loan will be first disbursed *on or after* July 1, 2010, it must be fully disbursed under the FDLP.
- A) True
 - B) False

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1. Recent legislation affecting the federal student aid programs includes ...

- A) Helping Even the Odd Applicants (HEOA)
- B) Happy Elephants are Our Allies (HEOA)
- C) How to Educate Our Apprentices (HEOA)
- D) Higher Education Opportunity Act (HEOA)**

Basis: The Higher Education Opportunity Act (HEOA, Public Law 110-315) was enacted on August 14, 2008, and reauthorizes the Higher Education Act of 1965, as amended (the HEA). The HEOA authorizes new programs under the HEA and makes a number of changes to existing HEA-authorized programs. The HEOA also revised sections of the Truth in Lending Act (TILA). Unless otherwise noted in the law, the provisions of the HEOA were effective upon enactment. ED released *Dear Colleague Letter* (DCL) GEN-08-12 on December 31, 2008, which summarizes many of the HEOA provisions and includes a chart of the provisions organized by effective date. A Technical Corrections bill to the Higher Education Opportunity Act (H.R. 1777) was signed into law by President Barack Obama on July 1, 2009. Before November 1, 2009, ED published a number of final rules packages that resulted from negotiated rulemaking. An important note on these rules: while they may have official implementation dates of July 1, 2010, many of them are based on provisions in the HEOA, which were generally effective August 14, 2008. Also, it is important to keep in mind that if these final rules differ from the DCL, the final rules supersede the guidance in the DCL.

Even more recent legislation that affected the HEA is the Health Care and Education Reconciliation Act (HCERA, H.R. 4872, also known as “the reconciliation bill”), which President Obama signed into law on Tuesday, March 30, 2010. The questions in this game include a couple of provisions in the reconciliation bill but most will focus on regulations that must be implemented by July 1, 2010, as established by the HEOA, H.R. 1777, or related final rules that followed HEOA or H.R. 1777 enactment.

See *Shoptalk’s* special edition on the reconciliation bill at <http://www.tgslc.org/shoptalk/2010/st546/st54600.cfm>. Stay apprised of new guidance, regulatory changes, industry information and more by subscribing to *Shoptalk* at www.tgslc.org/subscribe/index.cfm.

In addition, a version of the HEA integrated with changes made by the HCERA is available for free download from TG’s Web site at <http://www.tgslc.org/policy/hea.cfm>. On this same Web page TG also provides integrated sections of the TILA as amended by the HEOA. A version of the Code of Federal Regulations (Parts 600, 601, 668, 682, and 685) integrated with changes made by the most recent final rules may be downloaded from TG’s Web site at <http://www.tgslc.org/policy/intreg.cfm>. A copy of DCL GEN-08-12 is available at <http://ifap.ed.gov/dpclatters/GEN0812FP0810.html>.

2. An award year begins on _____ and ends on _____.

- A) January 1; December 31
- B) March 1; February 28 (February 29 for leap years)
- C) July 1; June 30**
- D) October 1; September 30

3. Under the Master Calendar, after final rules are published by November 1 in the *Federal Register*, the effective date for the final rules is the following _____.

- A) June 1
- B) July 1**
- C) November 1
- D) December 1

Basis: It is important to note that many of the HEOA provisions — upon which the most recent final rules are based — became effective on the date of enactment — August 14, 2008. So although the industry has been discussing these topics for more than a year, the final rules establish new and additional clarifying elements as to how the industry must comply with these provisions.

4. A veteran determined by Veterans Affairs to be “unemployable due to a service-connected condition” is considered totally and permanently disabled for the purpose of discharging _____.

- A) A FFELP loan
- B) A Direct loan
- C) A TEACH grant service obligation
- D) A Perkins loan
- E) Any of the above**

Basis: The recent changes to the Total and Permanent Disability (TPD) Discharge process illustrate a final rule based on a HEOA provision. For example, the HEOA made two changes to the TPD discharge process. The first change, for certain veteran borrowers, was effective on the date of enactment — August 14, 2008. Under the HEOA, a borrower who is determined unemployable by the Secretary of Veterans Affairs due to a service-related condition is automatically eligible for TPD discharge without having to provide additional documentation. DCL GEN-09-07 at <http://ifap.ed.gov/dpccletters/GEN0907.html> provides more details on implementation of this provision.

For FFELP and Direct loan borrowers (and TEACH Grant recipients), these provisions became effective for total and permanent discharge requests based on VA documentation received on or after August 14, 2008. For Perkins loan borrowers, these provisions apply for requests based on VA documentation received on or after July 1, 2008.

The second change applies to all other borrowers. Final rules were published on October 28, 2009, and become effective on July 1, 2010. This final rules package is available at <http://edocket.access.gpo.gov/2009/pdf/E9-25073.pdf>.

For all other borrowers, let's review the current TPD discharge process and then the change. Today, if a borrower becomes totally and permanently disabled, defined as the condition of an individual who is unable to work and earn money because of an injury or illness that is expected to continue indefinitely or result in death, then he or she is placed in a 3-year conditional discharge period beginning on the date the physician certifies the discharge application. During and at the end of the 3-year period, as long as the borrower has not been disqualified for the discharge by earning income above a certain threshold or receiving a new federal loan or TEACH grant, the loan debt is finally discharged by ED.

Under final rules, effective on July 1, 2010, the definition of totally and permanently disabled is revised and the TPD discharge process is essentially reversed. If a borrower is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that has lasted or can be expected to last at least 60 months

<i>Fiscal year</i>	<i>Denominator (enter repayment)</i>	<i>Numerator (in default)</i>	<i>Official CDR publication dates</i>	<i>CDR used for school benefits/sanctions</i>
FY 2007	10/1/06 – 9/30/2007	2-yr: 10/01/06 - 09/30/08	2-yr: Sept 2009	2-yr rate (10% / 25%)
FY 2008	10/01/07 - 09/30/08	2-yr: 10/01/07 - 09/30/09	2-yr: Sept 2010	2-yr rate (10% / 25%)
FY 2009	10/01/08 - 09/30/09	2-yr: 10/01/08 - 09/30/10 3-yr: 10/01/08 - 09/30/11	2-yr: Sept 2011 3-yr: Sept 2012	2-yr rate (15% / 25%) 3-yr rate (15% / 30%)
FY 2010	10/01/09 - 09/30/10	2-yr: 10/01/09 - 09/30/11 3-yr: 10/01/09 - 09/30/12	2-yr: Sept 2012 3-yr: Sept 2013	2-yr rate (15% / 25%) 3-yr rate (15% / 30%)
FY 2011	10/01/10 - 09/30/11	2-yr: 10/01/10 - 09/30/12 3-yr: 10/01/10 - 09/30/13	2-yr: Sept 2013 3-yr: Sept 2014	2-yr rate (15% / 25%) 3-yr rate (15% / 30%)
FY 2012	10/01/11 - 09/30/12	3-yr: 10/01/11 - 09/30/14	3-yr: Sept 2015	3-yr rate (15% / 30%)

To transition to the new calculation, ED will release draft FY 09 CDRs in February 2011, and official rates in September 2011 using the current two-year default period (loans entering repayment between October 1, 2008, and September 30, 2009, and defaulted between October 1, 2008, and September 30, 2010). Using the three-year default period (loans entering repayment between October 1, 2008, and September 30, 2009, and defaulted between October 1, 2008, and September 30, 2011), ED will recalculate draft FY 09 CDRs and release them in February 2012; ED will publish official rates in September 2012. According to DCL GEN-08-12, “no institutional sanctions will be taken based on the three-year calculated rate until after there have been three, consecutive cohort years of such rates calculated. During the transition period, sanctions will be based on calculations made according to pre-HEOA provisions.” [HEA Sec. 435(m) and DCL GEN-08-12, pages 131–132]

For more information on the CDR process and how TG can help, see the *Shoptalk* articles,

- “How to manage challenges to draft cohort default rates” at <http://www.tgslc.org/shoptalk/2010/st540/st54001.cfm#cdr> and
- “ED’s release of trial, three-year cohort default rate data prompts more questions” at <http://www.tgslc.org/shoptalk/2010/st534/st53401.cfm#cdr>.

On-demand, at your convenience training is available through TG’s archived, webinars

- “Managing Your Cohort Default Rate” at <http://www.tgslc.org/training/webinars/webinars1005.cfm> and
- “How to Challenge Your Cohort Default Rate” at <http://www.tgslc.org/training/webinars/webinars0204.cfm>.

6. True or false: On December 14, 2009, ED posted trial, three-year CDRs to assist schools in preparing for the transition to the three-year CDR provisions, stipulating that no benefits or sanctions would apply to these trial rates.

- A) True
- B) False

Basis: ED explains the trial, three-year CDRs in its December 7, 2009, announcement on three-year CDRs at <http://ifap.ed.gov/eannouncements/120709ReITrialThreeYearCohortDefaultRates.html>. You can review your three-year rates at <http://federalstudentaid.ed.gov/datacenter/library/TrialYearCDR.xls>.

ED also provides more information on implementing HEOA provisions, including CDR provisions, in its October 28 and 29, 2009, final rules packages at <http://edocket.access.gpo.gov/2009/pdf/E9-25073.pdf> and <http://edocket.access.gpo.gov/2009/pdf/E9-25190.pdf>, respectively. In addition, in DCL ANN-09-36, ED announced the availability of recorded training and transcript on FFELP, FDLP, and Perkins final regulations, including CDR provisions.

7. Currently the threshold to benefit from a low CDR, such as exemption from the multiple disbursement requirement, is ____; this will increase to ____ for FFELP and Direct loans with first disbursements on or after October 1, 2011.
- A) 2%; 5%
 - B) 5%; 10%
 - C) 10%; 15%**
 - D) 15%; 20%

Basis: A school may be exempt from some requirements given a low CDR. Currently, if a school's three most-recent, two-year CDRs are less than 10 percent, the school:

- may deliver FFELP or FDLP Stafford or PLUS loans in a single disbursement (if the enrollment period is no longer than one semester, trimester, or quarter; or if the enrollment period is no longer than four months, as with nonterm-based schools or schools with non-standard terms); and
- is not required to delay for 30 days the first disbursements of FFELP or FDLP Stafford loans made to first-year, first-time, undergraduate borrowers.

This threshold increases from 10 percent to 15 percent in the transition to the new CDR provisions. This means that, if a school's three most-recent, two- or three-year CDRs are less than 15 percent, the school is exempt from the multiple disbursement requirement and the required 30-day delay for first-year, first-time undergraduate borrowers. This rule applies to FDLP loans with first disbursements on or after October 1, 2011.

Also, a school that is an eligible home institution certifying a FFELP or FDLP loan to cover a student's cost of attendance in a study-abroad program is exempt from the multiple disbursement requirement and the 30-day delay for first-year, first-time undergraduate borrowers, if the school's single most-recent two- or three-year CDR is less than 5 percent.

For more information on the CDR benefit and sanction thresholds, see the *Shoptalk* article "ED's release of trial, three-year cohort default rate data prompts more questions" at <http://www.tgslc.org/shoptalk/2010/st534/st53401.cfm#cdr> and TG's archived webinar, "Managing your cohort default rate" and related training materials, including a Q&A from the session at <http://www.tgslc.org/training/webinars/webinars1005.cfm>.

8. True or false: The program participation agreement directs all schools that participate in a Title IV loan program to develop, publish, administer, and enforce a code of conduct.
- A) True
 - B) False

Basis: The HEOA established the code of conduct requirement for all schools that participate in a Title IV loan program [HEA, Sec. 487(a)(25)]. Elements for the code of conduct are detailed in HEA, Sec. 487(e). A version of the HEA integrated with changes made by the HCERA is available for free download from TG's Web site at <http://www.tgslc.org/policy/hea.cfm>. See also *Shoptalk* article, "Reauthorization: School Code of Conduct" at <http://www.tgslc.org/shoptalk/2008/st476/st47601.cfm>.

The code of conduct provisions were reiterated and clarified in final rules published on October 28, 2009 (<http://edocket.access.gpo.gov/2009/pdf/E9-25073.pdf>), which added 34 CFR 668.14(b)(27) such that:

(27) In the case of an institution participating in a Title IV, HEA loan program, the institution—

(i) Will develop, publish, administer, and enforce a code of conduct with respect to loans made, insured or guaranteed under the Title IV, HEA loan programs in accordance with 34 CFR 601.21; and

(ii) Must inform its officers, employees, and agents with responsibilities with respect to loans made, insured or guaranteed under the Title IV, HEA loan programs annually of the provisions of the code required under paragraph (b)(27) of this section;

Private guidance from ED, dated February 22, 2010, confirmed that the loan programs covered by this include FFELP, FDLF, and/or the Federal Perkins Loan Program. Such a code must be established in accordance with 34 CFR 601.21. However, this section provides specific elements that a covered institution's code of conduct must include if it is participating in a preferred lending arrangement (for FFELP or private loans). ED clarified that for schools participating in a Title IV loan program (but not FFELP or private loans) should construct its code of conduct based on elements in 34 CFR 601.21(c). A version of the Code of Federal Regulations (Parts 600, 601, 668, 682, and 685) integrated with changes made by the final rules may be downloaded from TG's Web site at <http://www.tgslc.org/policy/intreg.cfm>.

9. The HEOA — and subsequent final rules — require schools to disclose ...
- A) Vaccinations Policy, effective August 14, 2008
 - B) Private Education Loan Self-Certification Form, effective February 14, 2010
 - C) The Kitchen Sink, clogged since April 1, 1901
 - D) Textbook Information, effective July 1, 2010
 - E) **All of the above, except the kitchen sink**

Basis: Too varied and numerous to effectively discuss in this format, the HEOA promulgated a profusion a new and expanded consumer information/disclosure requirements. See ED's report "Information Required to Be Disclosed under the Higher Education Act of 1965: Suggestions for Dissemination" at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2010831rev>. This report is the product of ED's National Postsecondary Education Cooperative (NPEC) Working Group on the Higher Education Opportunity Act of 2008 (HEOA). The purpose of the document is to help colleges and universities successfully identify and meet their obligation to disclose information as

required under the Higher Education Act of 1965 (HEA), as amended by the HEOA. It includes suggestions to help institutions make the HEA-required disclosure information more accessible and understandable to consumers and more comparable across schools. A summary of HEA school disclosure requirements and a list of HEA-required disclosures by the required methods of dissemination are also included.

10. Effective February 14, 2010, a school is required, upon request by an admitted or enrolled student (or upon the request of a parent loan applicant), to provide the Private Education Loan Self-Certification form ...
- A) In written or electronic format
 - B) Including the student's cost of attendance
 - C) Including the student's estimated financial assistance
 - D) All of the above**
 - E) None of the above
11. Under Federal Reserve Board regulations, a school must provide the Self-Certification form, and the information to complete it, to students or parents for whom it makes ...
- A) Loans under Title VII or Title VIII of the Public Service Health Act
 - B) Perkins loans
 - C) Institutional loans
 - D) A and C**
 - E) All of the above

Basis: On February 14, 2010, ED released DCL GEN-10-01 (<http://ifap.ed.gov/dpcletters/GEN1001.html>), which announced the approval of the Model Private Education Loan Applicant Self-Certification form and provides guidance on implementation of the new form, as mandated by HEA, Sec. 487(a)(28) and to satisfy the requirements of Section 128(e)(3) of the Truth in Lending Act (TILA).

Effective February 14, 2010, a school is required, upon request by an admitted or enrolled student (or upon the request of a parent loan applicant), to provide this form — in written or electronic format — and the information required to complete the form — specifically, the student's cost of attendance, estimated financial assistance, and the difference between the two amounts. In turn, a lender must obtain a self-certification signed by the applicant before disbursing a private education loan.

According to the DCL:

Under Federal Reserve Board regulations, institutions that make loans to students or parents, including loans made under Title VII or Title VIII of the Public Service Health Act¹, are generally considered private educational lenders and the loans an institution makes to students or parents are generally considered private education loans. Thus, when an institution is the private education lender it must complete and provide the Self-Certification Form to an applicant for an institutional private education loan. The institution must subsequently obtain the signed form from the applicant before consummating the private education loan. In some cases an institution may be making more than one private education loan to an applicant, for example, a loan made under Title VII or Title VIII of the Public Service Health Act and a private education loan funded by the institution or from donor directed contributions. In such cases, the institution can provide one Self-Certification form to the applicant. The institution should not include any private education loans that it is making to an enrolled applicant when determining

the amount of estimated financial assistance to report in Section 2 of the Self-Certification form...

¹Consistent with TILA provisions, Federal Perkins Loans are not considered to be private educational loans even though they are made by the institution.

12. Under the new section of federal regulations, 34 CFR 601, which establishes disclosure and reporting requirements for schools and lenders that provide, issue, recommend, promote, endorse, or provide information relating to education loans, an education loan is defined as ...
- A) A FFELP loan
 - B) A Direct loan
 - C) A private education loan, such as a non-Title IV loan issued expressly, in whole or part, for postsecondary education expenses
 - D) A private education loan, such as non-Title IV loan issued to consolidate a consumer's pre-existing private education loans
 - E) **All of the above**

Basis: One of the HEOA's Title X, "Private Student Loan Improvement," provisions extends TILA requirements to private education loans.

Note: a short-term or emergency loan of 90 days or less, or an interest-free tuition billing plan where the term is not greater than one year is not considered a private education loan.

See DCL GEN-08-12 (<http://ifap.ed.gov/dpccletters/GEN0812FP0810.html>), beginning on page 173 under the heading "Private Student Loan Improvement" for a brief summary and notes on effective dates.

To implement this new section of the HEA, ED and the Federal Reserve Board have both published regulations. TG strongly recommends that each school discuss these new rules with its legal counsel to determine how they will affect your school. Both ED's final rules and the Federal Reserve Board's final rule are equally crucial in understanding the changes made by the HEOA:

- ED's final rules, which resulted from two negotiated rulemaking teams: October 28, 2009, School-based Loan Issues (<http://edocket.access.gpo.gov/2009/pdf/E9-25073.pdf>) and October 29, 2009, General Loan Issues (<http://edocket.access.gpo.gov/2009/pdf/E9-25190.pdf>) — the discussions in the preamble sections of these *Federal Register* publications can be helpful in interpreting and implementing the final rules — and
- The Federal Reserve Board's final rule (<http://edocket.access.gpo.gov/2009/pdf/E9-18548.pdf>), which was published August 14, 2009.

13. True or false: The HEOA provides a safe harbor for any creditor that elects to use a model form promulgated by the Federal Reserve Board that accurately reflects the terms of the creditor's loans.
- A) **True**
 - B) False

Basis: The Board of Governors of the Federal Reserve published Final Rules on August 14, 2009 (<http://edocket.access.gpo.gov/2009/pdf/E9-18548.pdf>), in the *Federal Register*

amending 12 CFR Part 226, otherwise known as Regulation Z. These amendments were necessary in order to implement provisions under Title X of the HEOA that amended TILA. The compliance date for these new rules was February 14, 2010.

The final rules require creditors who make private education loans to provide consumers with certain disclosures throughout the loan process. The new disclosure requirements apply to loans made expressly for postsecondary educational expenses, but not to educational financing that is funded by credit card advances or real estate-secured loans. In addition, these amendments do not apply to Title IV loans, which are subject to separate disclosure rules issued by ED.

The HEOA provides a safe harbor for any creditor that elects to use a model form promulgated by the Board that accurately reflects the terms of the creditor's loans. As part of the final rules, the Board provided private education loan model disclosure forms and samples that creditors may use to comply with the new disclosure requirements, including:

- Application and solicitation model form [H-18 (63.3 KB PDF)]
- Approval model form [H-19 (65.2 KB PDF)]
- Final model form [H-20 (62 KB PDF)]

The Board's announcement, *Federal Register* notice, model disclosure forms and samples, as well as a report, "Consumer Research and Testing for Private Education Loans: Final Report of Findings," are available at

<http://www.federalreserve.gov/newsevents/press/bcreg/20090730a.htm>.

14. True or false: A preferred lender arrangement may exist even without a formal agreement between a school and a lender.

- A) True
- B) False

Basis: Under 34 CFR 601.2, a *preferred lender arrangement* is an arrangement or agreement with the lender and a school (or school affiliated org) under which the lender provides education loans to the students or families of such students attending the school AND the school recommends, endorses, or promotes the education loan products offered by the lender.

A preferred lending arrangement does not include:

- Arrangements or agreements with respect to loans administered in FDLP
- Arrangements or agreements with respect to loans made under PLUS auction
- For private loans, arrangements or agreements if the private loan is:
 - Funded by the school or school affiliated organization
 - Funded by donor funds
 - Made under a state funded financial aid program if the terms and conditions of the loan include a public service forgiveness component.

The October 29, 2009, final rule (<http://edocket.access.gpo.gov/2009/pdf/E9-25073.pdf>) states:

... a preferred lender arrangement exists if a lender provides or issues education loans to students (or the families of students) attending a covered institution and the covered institution or an institution-affiliated organization recommends, promotes, or endorses

the education loan products of the lender. If both of these conditions are met, a preferred lender arrangement exists, whether or not the covered institution and the lender have entered into a formal agreement.

15. True or false: Under certain conditions, a private education loan lender may provide entrance and exit counseling.

- A) **True**
- B) False

Basis: Similar to current regulations that allow FFELP lenders and guarantors to provide entrance and exit counseling [34 CFR 682.604(f) and (g)], the code of conduct provisions in 34 CFR 601.21 allow a private education loan lender to provide entrance and exit counseling as long as the school's staff are "in control of the counseling (whether in person or via electronic capabilities) and such counseling does not promote the products or services of any specific lender." A version of the Code of Federal Regulations (Parts 600, 601, 668, 682, and 685) integrated with changes made by the final rules may be downloaded from TG's Web site at <http://www.tgslc.org/policy/intreg.cfm>.

16. Schools must make a net price calculator available no later than ...

- A) August 14, 2008
- B) July 1, 2010
- C) July 1, 2011
- D) **October 29, 2011**

17. True or false: Graduate and professional schools are not subject to the HEOA net price calculator requirement.

- A) **True**
- B) False

Basis: The National Center for Education Statistics (NCES) and ED's Office of Postsecondary Education (OPE) announced the release of a net price calculator template this past fall. This template will help schools in complying with the HEOA requirement that all institutions participating in Title IV student aid programs must provide a calculator that enables current and prospective students, families, and consumers to determine an estimate of a student's net price at a particular institution. Schools may either use ED's template or develop a customized version that must include, at a minimum, the same elements as ED's version. Schools must provide a Web-based net price calculator by October 29, 2011.

About the template

Using both student-entered and school-provided data, ED's template allows prospective students to calculate an estimated net price at an institution using the following basic formula: price of attendance minus grant aid. Based on the information entered by the student, an average net price of attendance is generated based on what similar students paid in the previous year.

The estimates generated by the template do not represent a final determination, or actual award of financial assistance, or a final net price — they are only estimates based on price

of attendance and financial aid provided to students in a given year. The estimates shall not be binding on the Secretary of Education, the institution of higher education, or the state.

A special note for graduate and professional schools

The National Association of Student Financial Aid Administrators (NASFAA) has obtained informal guidance from ED stating that the "requirements in the Higher Education Opportunity Act of 2008 (HEOA) that schools develop a net price calculator (NPC) are not applicable to graduate and professional schools."

The template application is available at <http://npc.inovas.net/institution/>.

For assistance using the template, please contact Ruba Nuwayhid of IT Innovative Solutions Corp. at (240) 252-1707, or send an e-mail message to Ruba@inovas.net.

The NASFAA announcement is available at <http://www.nasfaa.org/publications/2009/annpc110409.html>. (Note that a membership may be required in order to access some content on the NASFAA Web site.)

18. True or false: FAFSA applicants who use ED's new IRS data retrieval process are not subject to verification.
- A) True
B) **False**

Basis: On November 5, 2009, ED announced its plans to initiate a process that will enable Title IV student aid applicants and parents of dependent applicants to transfer certain tax return information from an Internal Revenue Service (IRS) Web site directly to their 2009-10 Free Application for Federal Student Aid (FAFSA) on the Web application. ED notes that allowing applicants to transfer information directly from the IRS' database into the FAFSA will reduce time, effort, and data entry for FAFSA applicants and their parents. The process change will also improve data accuracy and consistency and reduce the need for corrections.

On January 21, ED announced (<http://ifap.ed.gov/eannouncements/012110IRSDataRetrievalProcessfor0910FASFA.html>) that the data retrieval process for initial and renewal applications on the 2009-10 FAFSA on the Web site will be available beginning January 28, 2010. During this initial pilot period, ED will analyze 2009-10 application submissions in order to determine usage and performance, gather feedback from users (both applicants and schools), and identify potential future improvements. In the summer of 2010, ED will implement IRS data retrieval functionality for the 2010-11 processing cycle.

ED's November announcement (<http://ifap.ed.gov/eannouncements/110509OverviewIRSDataRetrieval0910.html>) also includes information regarding the IRS data retrieval process for 2009-10 in a question and answer format, addressing such issues as:

- Who is eligible to use the IRS data retrieval process
- Who cannot use the IRS data retrieval process
- Who should not use the IRS data retrieval process
- How the IRS data retrieval will process work
- What output students and financial aid administrators will receive as a result of the use of the IRS data retrieval process

- Whether the verification process will change as a result of IRS data retrieval functionality

In this announcement ED states:

We hope and expect that after analyzing the results of the 2009-2010 IRS Data Retrieval process we will be able to simplify verification for applicants who complete their FAFSA using this new process. However, until this analysis is complete, we are not able to make any changes to the current verification process. We expect to contact a selection of schools to ask for their assistance with this analysis.

For more information, schools should contact CPS/SAIG Technical Support at (800) 330-5947, or for TDD/TTY at (800) 511-5806, or send an e-mail message to CPSSAIG@ed.gov. Students may contact the Federal Student Aid Information Center at (800) 4-FEDAID or (800) 433-3243), or send an e-mail message to FederalStudentAidCustomerService@ed.gov. TDD/TTY service is also available at (800) 730-8913.

19. Since July 1, 2009, to be eligible for a second Pell Grant Scheduled Award within one award year, an otherwise eligible student must

- A) Be enrolled at any enrollment status
- B) Be enrolled at least half time
- C) Have received 100% of his first Scheduled Award
- D) A and C
- E) B and C**

20. Beginning with the 2010-11 award year, an eligible student must also demonstrate academic year acceleration, which means the student must

- A) Be enrolled in an accelerated program, such as a 3-year bachelor's degree
- B) Run to each class
- C) Be enrolled in at least one credit or clock hour attributable to his second academic year within that award year**
- D) None of the above

Basis: Since July 1, 2009, an otherwise Pell-eligible student may qualify for amount that is up to 200% of the "Scheduled Award," which is defined in the 2009-10 *Federal Student Aid Handbook*, as "the maximum amount the student can receive during the award year, if he or she attends full-time for a full academic year" — not to be confused with an annual award, which "is the maximum amount a student would receive during a full academic year for a given enrollment status, EFC, and COA." Note that for a full-time student, the "annual award" amount will be the same as the "Scheduled Award" amount.

A student may receive up to two Scheduled Awards in a given award year, under criteria outlined below:

First Scheduled Award

In addition to general Federal Student Aid eligibility requirements, the student must be:

- otherwise Pell Grant eligible
- enrolled at any enrollment status

Second Scheduled Award

Student must:

- Be otherwise Pell Grant eligible
- Be enrolled at least half time
- Have received 100% of his or her first Scheduled Award (though a payment period may include awards from both first and second Scheduled Awards)

ED's presentation

(<http://ifap.ed.gov/presentations/attachments/26FederalPellGrantProgramUpdateV1.pdf>) and video

(http://client.blueskybroadcast.com/fsa/2009/presentations/FSA_26_Session_26/index.html) at the FSA Conference in Nashville in early December covered provisions of the final rule published on October 29, 2009 (<http://edocket.access.gpo.gov/2009/pdf/E9-25373.pdf>), to implement changes made by the HEOA. Provisions of this final rule must be used for the 2010-11 award year, and any crossover payment period (i.e., a payment period that includes June 30 and July 1) assigned to the 2010-11 award year. Prior to July 1, 2010, on a student-by-student basis, for crossover payment periods assigned to the 2009-10 award year, a school may opt for early implementation of these provisions.

Note that, in addition to the two existing eligibility requirements for year-round Pell (discussed above), for the 2010-2011 award year (and for some crossover periods), the final rule adds a third requirement that the student must also be enrolled in credit or clock hours attributable to his or her second academic year within that award year. If the student drops these qualifying credit or clock hours, the school must recalculate for a change in enrollment status to determine if the student is still eligible for a second Scheduled Award. Also, on a case-by-case basis, for circumstances beyond the student's control, the school may waive this additional requirement.

Another important change established by the final rule is that a school must assign a crossover payment period to the award year from which the student derives the higher payment. In addition, a school may be required to reassign the crossover payment period if, by a certain deadline, the school receives subsequent information that changes the award year under which a higher grant would be paid. More details on these deadlines will be published in an upcoming *Federal Register*.

See the *Shoptalk* article, "Getting the gist of year-round Pell," at <http://www.tgslc.org/shoptalk/2009/st533/st53301.cfm> for more details and additional resources.

21. Effective July 1, 2010, a borrower may demonstrate a Partial Financial Hardship and qualify for the Income Based Repayment plan (IBR) by using
- A) The outstanding balance at the time the borrower initially entered repayment
 - B) The outstanding balance at the time the borrower requests IBR
 - C) Either A or B, whichever is greater**
 - D) None of the above

Basis: The final regulations (<http://edocket.access.gpo.gov/2009/pdf/E9-25190.pdf>) revise the definition of partial financial hardship for FFELP loans in 34 CFR 682.215(a)(4) and for Direct loans in 34 CFR 685.221(a)(4) — integrated regulations are available at <http://www.tgslc.org/policy/intreg.cfm> — to specify that the annual amount due on a

borrower's eligible loans for purposes of determining whether the borrower has a partial financial hardship is the greater of the amount due on the eligible loans when the borrower initially entered repayment on those loans, or the amount due on those loans when the borrower elects the IBR plan. *TG Online* provides more detailed information and a calculator to help determine if a borrower may qualify for IBR at <http://www.tgslc.org/borrowers/repay/ibr.cfm>.

Note that the IBR provisions in the recently enacted reconciliation bill (HCERA, H.R. 4872), are applicable to new Direct loan borrowers as of July 1, 2014. A new borrower will qualify for IBR if the annual amount due on the total of the borrower's eligible loans as calculated on a 10-year standard repayment plan exceeds 10 percent (currently 15 percent) of the borrower's discretionary income. In addition, such a borrower would be eligible for loan forgiveness after 20 years (currently 25 years) of qualifying payments.

22. After a student is packaged with Title IV aid, the school is notified that he has received a post 9/11 VA benefit, how should his aid be adjusted?
- A) Reduce his Pell Grant
 - B) Reduce his unsubsidized Stafford first, then his subsidized Stafford
 - C) Reduce his cost of attendance by the benefit amount, then repackage
 - D) Do nothing, veterans educational benefits are not EFA**

Basis: The Higher Education Opportunity Act (HEOA) amended the Higher Education Act (HEA), Section 480(j) such that Federal veterans education benefits were excluded from the definition of estimated financial assistance (EFA), effective July 1, 2010.

ED explained in its July 2, 2009, electronic announcement (<http://ifap.ed.gov/eannouncements/070209FederalVeteransEducationBenefits.html>) that

On July 1, 2009, President Obama signed H.R. 1777, a bill making technical corrections to the HEA. H.R. 1777 changes the effective date for the exclusion of veterans education benefits as EFA to July 1, 2009 (beginning with the 2009-2010 award year and thereafter). Therefore, institutions may not consider as EFA any Federal veterans education benefits, as defined in subsection (c) of section 480 of the HEA. This exclusion applies to all Federal veterans education benefits regardless of whether the benefits are received by the veteran, his or her spouse, or his or her dependent. As in the past, veterans education benefits are not considered as income in calculating the expected family contribution (EFC) for a student.

HEA, Section 480(c) — integrated HEA is available at <http://www.tgslc.org/policy/hea.cfm> — includes in its definition of veterans education benefits: "(H) Chapter 33 of title 38, United States Code (Post-9/11 Educational Assistance)." So Post 9/11 educational assistance is no longer included in a student's EFA.

Because veterans benefits are not considered EFA, no overaward needs to be addressed. An example of packaging that excludes veterans educational benefits is illustrated in the 2009-2010 *Federal Student Aid Handbook* on page 3-145 — available at <http://www.tgslc.org/policy/fsa-handbook.cfm>. Note that ED recently released errata and updates for 2009-10 *Federal Student Aid Handbook*, see the *Shoptalk* article at <http://www.tgslc.org/shoptalk/2010/st545/st54501.cfm#handbook> for more details.

ED elected not to change the misinformation on page 3-144 of the *Federal Student Aid Handbook* regarding Americorps benefits. As per private guidance from ED on January 6, 2010:

"The treatment of AmeriCorps Benefits within EFA, under both the HEOA and the HR Technical Amendments [H.R. 1777], did NOT change. AmeriCorps Benefits are still considered estimated financial assistance for all TIV [Title IV] programs except when determining eligibility for subsidized Stafford loans [34 CR 668.200 and 685.102].

In addition, the special EFA option for purposes of the Campus-Based, ACG, National SMART Grant, and TEACH Grant programs for students who received both a subsidized loan and an AmeriCorps award is still provided for in the regulations. This regulation allows a school to exclude as EFA a portion of any subsidized DL/FFEL loan that is equal to or less than the amount of the student's AmeriCorps benefits [34 CFR 673.5]."

23. True or false: The Yellow Ribbon Program allows U.S. degree-granting institutions to fund (in the form of an institutional loan) up to 50% of tuition expenses that exceed the highest, public, in-state, undergraduate tuition rate.
- A) True
B) False

Basis: On behalf of an eligible student, the Post-9/11 GI Bill pays tuition and fees up to an amount that does not exceed the highest, public, in-state, undergraduate rate. However, an eligible student may have tuition and fees that exceed that amount if he or she is attending a private institution or graduate school, or attending under an out-of-state status.

The Yellow Ribbon Program

(http://www.gibill.va.gov/GI_Bill_Info/CH33/YRP/Yellow_ribbon.htm) — a provision of the Post-9/11 Veterans Educational Assistance Act of 2008 — bridges the gap between the Post-9/11 GI Bill provisions and the cost of attendance by allowing U.S. degree-granting institutions to voluntarily enter into an agreement with VA to fund (*in the form of a grant or scholarship*) up to 50 percent of tuition expenses that exceed the highest, public, in-state, undergraduate tuition rate. In turn, the VA will match the school's contribution.

Schools that voluntarily enter into a Yellow Ribbon Agreement with VA choose the amount of tuition and fees to be contributed. The VA issues payment for the matching amount directly to the school.

As of March 15, 2010, the Department of Veterans Affairs (VA) is accepting Yellow Ribbon Program Agreements for the 2010-11 academic year. Agreement forms (http://www.gibill.va.gov/School_Info/Yellow_Ribbon/documents/VA_22-0839.pdf) must be submitted by May 21, 2010. For questions about the Yellow Ribbon Program, the agreement, or the instructions to complete the agreement form send an e-mail to Yellow.Ribbon@va.gov.

24. True or false: Beginning with the 2009-2010 award year, an otherwise Pell-eligible student whose parent or guardian was a member of the Armed Forces and died as a result of performing military service in Iraq or Afghanistan after September 11, 2001, and was less than 24 years of age or was enrolled in college at the time of the parent or guardian's death is awarded all Title IV aid based on a zero EFC, without regard to the student's calculated EFC.
- A) True
B) False

25. Beginning with the 2010-2011 award year, a student in the same situation as stated in the previous question but who lacks a Pell-eligible EFC, is awarded ...
- A) all Title IV aid based on the student's calculated EFC
 - B) all Title IV aid based on a zero EFC, without regard to the student's calculated EFC
 - C) a new Iraq and Afghanistan Service Grant in an amount equal to the maximum Pell Grant
 - D) A and C**
 - E) B and C

Basis: Effective July 1, 2009, the HEOA provided maximum Federal Pell Grant eligibility (deemed to have a zero expected family contribution, or EFC) for an otherwise Pell eligible student whose parent or guardian was a member of the Armed Forces and died as a result of performing military service in Iraq or Afghanistan after September 11, 2001, as long as the child was less than 24 years of age or was enrolled in college at the time of the parent or guardian's death.

Later, H.R. 1777, the technical corrections bill, created a new section, "420R. Scholarships for Veteran's Dependents" — known as "Iraq and Afghanistan Service Grants," or IASG — in the HEA for students with the same situation as stated above but who do not have a Pell-eligible EFC. These students must still complete a FAFSA, not have previously received a bachelor's degree (except for certain teacher certification candidates), and meeting all Title IV student eligibility requirements.

Although ED's November 6, 2009, electronic announcement, "Operational Implementation of Increased Title IV Student Assistance to Children of Certain Deceased Members of the U.S. Military," erroneously states that these students must be "23 years of age or younger," the announcement does accurately summarize the types and amounts of assistance, thus:

2009-2010 Award Year

Applicants with a Pell-Eligible EFC –

All Title IV aid that is awarded to an eligible student must be based on an EFC of zero without regard to the student's calculated EFC. Thus the student is eligible for the maximum Pell Grant for his or her enrollment status and cost of attendance. In addition, the student's eligibility for FFEL or Direct Loans and for Campus-Based Program aid must be based on an EFC of zero.

Applicants with an EFC that is not Pell-Eligible –

No increased amounts of Title IV aid for the 2009-2010 Award Year. All Title IV aid must be based on the calculated EFC.

2010-2011 Award Year and Beyond

Applicants with a Pell-Eligible EFC –

Same as for the 2009-2010 Award Year: All Title IV aid is to be awarded based on an EFC of zero, without regard to the student's calculated EFC.

Applicants with an EFC that is not Pell-Eligible –

These students are eligible to receive an award under the new IASG Program, without regard to the calculated EFC. The amount of the IASG award is the same as the maximum Pell Grant for the award year, adjusted for the student's enrollment status and cost of attendance. All other Title IV aid must be awarded based on the student's calculated EFC.

See HEA Sections 420R and 473 for more details at http://www.tgslc.org/pdf/Title%20IV_ACEFHJ_HCERA_033010.pdf.

ED's November 6, 2009, electronic announcement, "Operational Implementation of Increased Title IV Student Assistance to Children of Certain Deceased Members of the U.S. Military," provides operational guidance at <http://ifap.ed.gov/eannouncements/110609DODMatch.html>. Also, note NASFAA's update regarding an automated process for the 2010-11 award year scheduled to begin April 2010 at <http://www.nasfaa.org/publications/2010/rdatamatch031510.html>.

26. True or false: A parent PLUS loan cannot be repaid under IBR; however, these loans may be consolidated into a Direct Consolidation loan, which may be repaid under ICR; thus, the parent PLUS borrower may also be eligible for, and benefit from, the Public Service Loan Forgiveness program.

- A) True
- B) False

Basis: Through the College Cost Reduction and Access Act of 2007, Congress established Public Service Loan Forgiveness (PSLF) to encourage individuals to work full-time in public service jobs. Under this program, borrowers of eligible loans may qualify for forgiveness of the remaining balance due after they have made 120 payments, after October 1, 2007, under certain repayment plans while employed full time by certain public service employers.

Eligible loans

Any non-defaulted FDLP loan is eligible for loan forgiveness. A borrower with a defaulted loan may be eligible for PSLF by consolidating the defaulted loan or by rehabilitating the defaulted loan.

Loans made under other federal student loan programs may qualify for forgiveness if they are consolidated into a Direct Consolidation Loan. However, only payments made on the Direct Consolidation Loan will count toward the required 120 monthly payments. FFELP, Perkins, and certain Health Professions and Nursing Loans may be consolidated into FDLP; however, to consolidate a Federal Perkins Loan or Health Professions or Nursing Loan into FDLP, the borrower must also consolidate at least one FFELP or FDLP loan.

Non-federal student loans (also known as alternative or private loans) are not eligible either for consolidation into FDLP or for PSLF.

Payment requirement

The borrower must make 120 separate, on-time, full monthly payments, after October 1, 2007, while employed by an eligible public service organization. Payments made prior to October 1, 2007, do not count toward the 120-payment requirement. Payments do not have to be consecutive. Each of the monthly payments must have been made for the full scheduled installment amount within 15 days of the due date. Lump sum payments, that is, paying more than the required monthly amount, are counted as one payment unless the borrower is a Peace Corps or AmeriCorps volunteer using some or all of his or her Peace Corps transition payment or AmeriCorps Segal Education Award to make a lump sum payment. In this case, the Peace Corps or AmeriCorps volunteer will receive credit for up to 12 qualifying payments for PSLF.

To have a balance eligible for forgiveness, the 120 qualifying payments must be made under one or more of the following FDLP repayment plans:

- Income Based Repayment (IBR) Plan — ED provides more information at <http://studentaid.ed.gov/PORTALSWebApp/students/english/OtherFormsOfRepay.jsp#IBR>
- Income Contingent Repayment (ICR) Plan — ED provides more information at <http://studentaid.ed.gov/PORTALSWebApp/students/english/OtherFormsOfRepay.jsp#ICR>
- Standard Repayment Plan with a 10-year repayment period — ED provides more information at <http://studentaid.ed.gov/PORTALSWebApp/students/english/OtherFormsOfRepay.jsp#STANDARD>
- Any other FDLR repayment plan, but only payments that are at least equal to the monthly payment amount that would have been required under the Standard Repayment Plan with a 10-year repayment period may be counted toward the required 120 payments.

It is important to understand that a borrower will not have any remaining balance to be forgiven after 120 payments unless, at some point, the borrower's payments were reduced through selection of IBR or ICR. The Standard Repayment Plan is included because a borrower may have made payments under the Standard Repayment Plan for a portion of the 120 months and made the remaining payments under either IBR or ICR, resulting in a remaining balance after 120 payments have been made. While payments made under these other FDLR repayment plans may be counted toward the required 120 payments for PSLF, IBR will generally provide a borrower with a lower monthly payment than would be required under any of the other plans.

Any month when the calculated payment under IBR or ICR is zero counts toward a borrower's required 120 monthly payments. However, the months when a borrower is in a deferment or forbearance do not count toward the 120 payments required for PSLF. While a Grad PLUS borrower can benefit from PSLF by working in public service employment and making at least some of the required 120 payments under IBR or ICR, parent PLUS loans are not eligible to be repaid under IBR or ICR. However, a parent PLUS borrower could consolidate the PLUS loans and then choose ICR for the new Direct Consolidation Loan. A Direct Consolidation Loan that repaid a parent PLUS loan may not be repaid under IBR, but it can be repaid under ICR.

See the *Shoptalk* article, "Understanding Public Service Loan Forgiveness" at <http://www.tgslc.org/shoptalk/2010/st541/st54104.cfm#forgiveness> for a summary of the PSLF employment requirements as well as documentation and application provisions.

For more detailed information about PSLF, see ED's PSLF Web page at <http://studentaid.ed.gov/PORTALSWebApp/students/english/PSF.jsp>, including frequently asked questions at http://studentaid.ed.gov/students/attachments/siteresources/PSLF_QAs_final_02%2012%2010.pdf, and fact sheet at <http://studentaid.ed.gov/students/attachments/siteresources/LoanForgivenessv4.pdf>.

Additional details are also available in the PSLF regulations — 34 CFR 685.219(b) — available from TG's Web site at <http://www.tgslc.org/pdf/int-reg-685.pdf>.

For more information about Direct Consolidation Loans see ED's Loan Consolidation Web page at <http://studentaid.ed.gov/PORTALSWebApp/students/english/consolidation.jsp?tab=repaying> and checklist tool for consolidation at <http://studentaid.ed.gov/PORTALSWebApp/students/english/loanchecklist.jsp?tab=repaying>

27. ED's DCLs that are designated to disseminate information about training opportunities begin with the prefix ...

- A) ANN
- B) CB
- C) GEN
- D) Any of the above

Basis: ED distributes DCLs to schools, lenders, servicers, and guarantors to provide interpretive policy guidance about the federal student aid programs. Recent and archived DCLs and DPLs are available on the Information for Financial Aid Professionals (IFAP) Web site at <http://www.ifap.ed.gov/ifap/byYear.jsp?type=dpclletters>.

Each DCL has a specific ID number. The ID number has three identifying components: the type of letter, the year, and the sequence number. Take, for example, ID number: ANN-10-04, which corresponds to a DCL that focuses on the newly updated FSA COACH. The prefix identifies the intended audience or purpose of the letter. In this case, type "ANN" means that the letter's purpose is to announce a training opportunity. The "10" portion of the ID represents 2010, the year in which the letter was published. The number "04" indicates that this was the fourth letter released for training announcements in the year 2010. This last number changes as ED publishes new DCLs throughout the 2010 calendar year (e.g., ANN-10-05, ANN-10-06). This number starts over at "01" at the beginning of each calendar year for all types of DCLs.

Listed below are the types of DCLs that ED publishes:

- ANN — Training Announcements
- CB — Campus-based Programs
- FP — Financial Partners
- GEN — General Distribution
- P — Pell Grant Program

ED's training opportunities

(<http://www.ifap.ed.gov/ifap/byDCLType.jsp?type=ANN&year=2010>) include:

- ANN-10-01, ANN-10-03 and ANN-10-12: Direct Loan Webinar Training Suite
- ANN-10-02, ANN-10-09 and ANN-10-10: Year-Round Pell Grant Webinar for Term-Based Schools and Year-Round Pell Grant Webinar for Clock-Hour/Non-Term Schools and Year-Round Pell Grant Q&A
- ANN-10-04: FSA COACH — 2009-2010 Update [the FSA COACH available at <http://www.ifap.ed.gov/ifap/fsacoach.jsp>]
- ANN-10-05: Direct Loan Webinars for Graduate/Professional Schools
- ANN-10-06: DUNS Number and TIN Registration with Central Contractor Registration Database Webinar
- ANN-10-07: Electronic Cohort Default Rate (eCDR) Appeals 3.0 Demonstration Recordings
- ANN-10-08: Direct Loan Business Officer Training Webinars
- ANN-10-11: Podcasts – FSA Assessments

For more listings of ED's training sessions, visit the "Training for Financial Aid Professionals" (TFAP) Web page at <http://www2.ed.gov/offices/OSFAP/training/index.html>.

TG provides free on-demand, online training via its archived webinars, which are listed at <http://www.tgslc.org/training/webinars/index.cfm>.

28. True or false: Since the reconciliation bill (HCERA, or H.R. 4872) has been signed into law, a FFELP loan that is first disbursed *before* July 1, 2010, is permissible; however, if a loan will be first disbursed *on or after* July 1, 2010, it must be fully disbursed under the FDLP.

- A) True
- B) False

Basis: The Health Care and Education Reconciliation Act (HCERA, H.R. 4872, also known as "the reconciliation bill") revoked the authorization to originate new loans under the FFELP after June 30, 2010. That means as of July 1, 2010, all new Stafford, PLUS and Consolidation loans must be originated under the FDLP.

The HCERA states that "(1) no new loans (including consolidation loans) may be made or insured under [the FFELP] ... after June 30, 2010; and (2) no funds are authorized to be appropriated, or may be expended, under this Act or any other Act to make or insure loans under [the FFELP] ... (including consolidation loans) for which the first disbursement would be made after June 30, 2010..."

A critical element of the provision referenced above is the timing of the *first disbursement* of the loan. If a FFELP loan is first disbursed *before* July 1, 2010, any subsequent disbursements on the loan can also be made under the FFELP. However, if a loan will be first disbursed *on or after* July 1, 2010, it must be fully disbursed under the FDLP.

Under the law, if a FFELP loan with a scheduled first disbursement *before* July 1, 2010, is delayed so that it would be disbursed *on or after* July 1, 2010, the school would have to cancel the FFELP loan and originate an FDLP loan. Also, the borrower must complete a Master Promissory Note (MPN) for the new Direct loan.

For more details, see the *Shoptalk* article "Getting ready for summer lending and FFELP to FDLP transition" at <http://www.tgslc.org/shoptalk/2010/st546/st54601.cfm#transition>.

If you need assistance transitioning to FDLP, contact your TG account executive or TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.